

AR03

Annual

allarco

Report

ad concorp

gallor

five

allarco developments ltd. annual report 1976



# divisions of allarco developments ltd.

---

[Ownership position is 100%  
except as noted.]

## REAL ESTATE

### Rental Properties

Edmonton

Grandin Towers

Regency Towers

Crestview Towers

Oliver Place

Bristol Towers

Cambrian Building

Riviera Plaza

Calgary

Regency House

Warehouse

Victoria

Regency Towers

Charter House (55%)

Winnipeg

Chamber of Commerce Buildings

Lethbridge, Alberta

College Mall (64%)

Yorkton, Saskatchewan

Parkland Mall (64%)

Vancouver B.C.

Avord Building (64%)

### Land for Development

Alberta

Edmonton

St. Albert

Fort McMurray

Red Deer

Ontario

Hamilton/Ancaster (35%)

Other

Puerto Vallarta, Mexico

Las Vegas, Nevada (45%)

## RESTAURANTS

Oliver's, Edmonton, Winnipeg,  
Calgary

Beachcomber, Edmonton, Victoria

Steak Loft, Edmonton

Lucifer's, Calgary, Edmonton

## HOTELS

Peter Pond Hotel, Fort McMurray,  
Alberta

Pine Point Hotel (50%) Pine Point,  
N.W.T.

## AUTOMOTIVE DIVISION

Edmonton

Crosstown Motor City

Devonian Motors

Mansion Mobile Homes

Edmonton Van Specialities Ltd.

Crosstown Leasing

## FINANCIAL

Allarco Financial Corporation Ltd.

North West Trust Company (64%)

N.A. Properties Ltd. (64%)

People's Management Ltd.

(Manager of The Dominion

Compound Fund)

Seaboard Life Insurance Company  
(65%)

Travelers Acceptance

Corporation Ltd. (Alberta) (50%)

## CONSTRUCTION

Redden Construction Ltd. (55%)

Citation Construction Ltd. (55%)

## AVIATION

International Jet Air Ltd.

## OTHER DIVISIONS

Printing

Metropolitan Printing, Edmonton

Metro Forms, Edmonton

Farm Division

Falher, Alberta

Bruderheim, Alberta

Television

Edmonton Video Ltd. - C.I.T.V.

North West Video

Travel

Travelmasters Edmonton Ltd.  
(60%)

## AFFILIATED COMPANIES

Alberta Gas Chemicals Ltd. (50%)

Alberta Gas Chemicals Inc. (50%)

Parkland Nursing Homes Ltd.  
(40%)

Matrix Exploration Ltd. (34%)

Pine Point Shopping Center Ltd.  
(50%)



# historic review

(In Thousands)*	Year to December				Two Months Dec.		Year to October		
	1976	1975	1974	1973	1972	1972	1971	1970	1969
Sales*	<b>\$77,357</b>	62,593	59,327	47,533	7,364	44,585	38,939	38,191	28,910
Operating profit*	<b>\$ 4,136</b>	3,025	1,482	997	90	1,191	440	960	538
Gain (or loss) on disposal of fixed assets and investments*	<b>\$ 820</b>	282	7	1,666	1,053	1,226	(971)	-	-
Net profit (loss) for the period*	<b>\$ 4,956</b>	3,307	1,489	2,664	1,143	2,417	(530)	960	538
Operating profit per share	<b>\$ 2.99</b>	2.19	1.07	.72	.06	.89	.33	.74	.47
Net profit (loss) per share	<b>3.58</b>	2.39	1.08	1.93	.83	1.80	(.19)	.74	.74
Average shares outstanding*	<b>1,384</b>	1,381	1,380	1,380	1,379	1,339	1,329	1,306	1,146
Shareholders' equity*	<b>\$22,404</b>	17,417	14,108	12,616	9,949	8,806	6,168	6540	5,446





## report to the shareholders



On behalf of the Board of Directors I am pleased to present the 1976 annual report, which shows a net profit of \$4,956,000 or \$3.58 per share compared to \$3,307,000 or \$2.39 per share in 1975. Gross sales show a 23% increase to \$77,000,000. Operating profits increased from \$3,025,000 or \$2.19 a share to \$4,136,000 or \$2.99 a share. The gain on sales of fixed assets comes from the disposal of Winnipeg Regency Apartments and Oakridge Shopping Centre in Calgary.

### FINANCIAL DIVISION

1976 proved to be a good year for both Seaboard Life Insurance Company and North West Trust Company, both of which showed substantial increase in earnings. These earnings were largely the result of groundwork laid in previous years and the culmination of a great deal of effort that went into both of these companies over the past several years. Earnings from both Seaboard Life Insurance Company and North West Trust Company are reflected as equity in subsidiary companies.

During 1976 North West Trust Company through its subsidiary N.A. Properties Ltd. acquired the Avord Building in Vancouver and completed construction of the first phase of Parkland Mall in Yorkton, Saskatchewan.

**ALBERTA GAS CHEMICALS LTD.** This company, which is a joint venture with Alberta Gas Trunk Line Company Limited, went into production with its second methanol plant during 1976. Due to a railroad accident which damaged a main compressor the plant was late in getting on stream and the delay resulted in lower than expected profitability for this company in 1976. However, there is an insurance claim for business interruption in excess of \$4,000,000 which is not reflected in the 1976 statement.

Alberta Gas Chemicals has commenced an active search for natural gas to provide the lowest priced feedstock for the methanol production in future years. At the time of this writing Alberta Gas Chemicals has completed its first successful well in the Cutbank area of northern Alberta. It is the intention of Alberta Gas Chemicals Ltd. to extend its holdings of natural gas by acquisition and by development in proven and semi-proven natural gas leases. The key to the successful manufacture and worldwide distribution of natural gas based chemicals is undoubtedly the acquisition of low priced feedstocks to overcome transportation and tariff barriers in world markets.

We continue to anticipate that Alberta Gas Chemicals will contribute significantly to Allarco's future earnings.



#### REAL ESTATE DIVISION

The property rental division showed improved results over 1975. The company is continuing to pursue the development of commercial and industrial properties as a long term source of income for Allarco. Net income from land sales was down in 1976 due to reduced sales.

During the past year Allarco has added to its inventory of land for development in the Edmonton area and the Red Deer area of Alberta.

During the year Allarco acquired a one half interest in an office tower, Chateau Towers, under construction in downtown Regina, Saskatchewan, which is a joint venture with Chateau Developments Ltd. This building should be completed and ready for occupancy in 1977.

#### TELEVISION

Television Station CITV showed much improved results on increased sales in 1976. In the first three years of operation CITV has produced a Celebrity Concert Series which is being sold around the world and has established the station's reputation as a producer of quality television material which bodes well for the future production of television material. It is expected that CITV will now continue to contribute substantially to Allarco's earnings each year. CITV is owned by a wholly owned subsidiary - Edmonton Video Ltd.

#### HOTELS AND RESTAURANTS

Sales in this division increased from 9.6 million to 11.6 million and resulted in correspondingly improved divisional profits. No new facilities were opened in 1976 but there was a general improvement in operations at all the restaurants.

#### REDDEN CONSTRUCTION

This company reported the largest revenues in its history resulting in improved divisional profits. It is expected that the increased volume of construction will continue through 1977.

#### METROPOLITAN PRINTING

This division showed increased revenue reflecting the full years activity of Metro Forms. Profits are up somewhat over 1975 and are expected to continue at an increased rate in 1977.

#### AVIATION DIVISION

This division has been drastically contracted with the elimination of all heavy aircraft and the reduction of International Jet Air's operations out of Calgary. The Calgary base now consists of a large double, modern hangar and an older hangar which is adjacent. These operations will essentially consist of storage, Aviat operation and an electronics installation facility. The company continues to operate one executive-type aircraft on charter.

#### AUTOMOTIVE DIVISION

Sales in this division increased slightly to \$30,458,000 from \$29,665,000. However, this division showed reduced profits due to inventories that were generally too high and which the company is currently reducing.

#### OTHER

During the year Allarco Developments Ltd. acquired a 60% interest in Travelmasters Ltd., a travel agency based in Edmonton. A new branch office has since opened in a branch of the North West Trust Company and it is hoped that this acquisition will provide the means to extend North West Trust Company's services to its customers.

Mr. Feldman did not stand for re-election as a director in 1976 and I wish to extend my thanks to him on behalf of the shareholders for his contribution to the company in past years.

Once again I would like to extend my thanks to all the directors, officers and employees of Allarco for their contributions to the company's continuing growth.

*Charles A. Allard*

Dr. Charles A. Allard

March 18, 1977

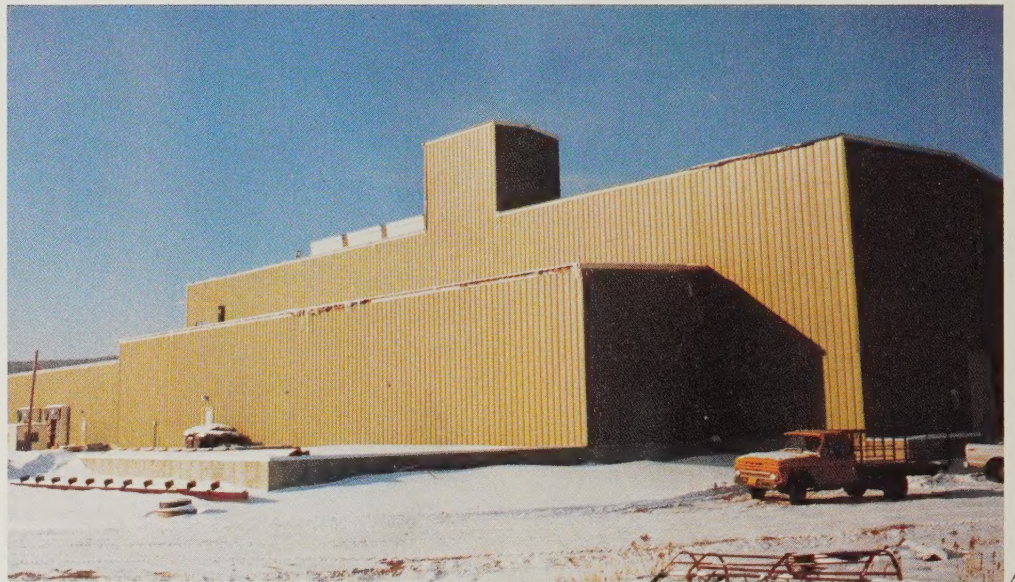


A. Eighteen million pounds per year malic / fumaric acid plant under construction at Duluth, Minnesota for Alberta Gas Chemicals Inc. Completion scheduled for third quarter of 1977.

B. Mall of 170,000 sq. ft. shopping centre opened in October in Yorkton, Saskatchewan, wholly-owned by N.A. Properties Ltd.

C. New car show room - Edmonton.

D. Broadcasting and production centre of C.I.T.V. - Edmonton.



A



B



C



D





E



F

E. Mr. Henry Mancini conducting the Edmonton Symphony Orchestra in one of the award winning "In Concert" programs produced in Edmonton for worldwide television viewing.

F. Winnipeg "Old Bailey" - 185 Lombard Avenue.



# consolidated balance sheet

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES December 31, 1976

## ASSETS

	1976	1975
Cash	\$ 979,308	189,710
Accounts receivable	6,870,505	5,263,100
Inventories, at lower of cost or net realizable value	11,978,616	10,996,142
Prepaid expenses	2,338,330	1,792,485
Loans and agreements receivable (note 2)	10,167,525	9,251,586
Land for development, at cost (note 3)	11,416,781	9,404,073
Natural resources, at cost	110,036	114,903
Investments (note 4)	22,696,152	16,174,796
Fixed assets - at cost less depreciation (note 5)	42,206,572	47,076,598
Goodwill and deferred expenses (note 6)	946,932	1,093,051

See accompanying notes.

On behalf of the board:

*Charles A. Cleland* Director

*J. R. Peterson* Director

<u>\$109,710,757</u>	<u>101,356,444</u>
----------------------	--------------------



## LIABILITIES

	1976	1975
Bank advances, secured (note 7)	\$ 19,390,772	15,086,196
Accounts payable, secured	6,270,900	5,968,021
Other accounts payable and accrued liabilities	10,089,606	8,950,552
Income taxes payable	3,000	44,383
7% Convertible debentures (note 8)	4,461,000	4,485,000
Mortgages and other secured obligations (note 9)	32,669,995	37,401,557
	72,885,273	71,935,709
Minority interest in subsidiaries	191,242	147,710
Provision for future income taxes (note 10)	6,569,418	5,069,000
Deferred revenue (note 11)	7,660,088	6,786,531
Shareholders' equity:		
Capital stock (note 12):		
Issued and fully paid	4,011,608	3,980,358
Retained earnings	18,393,128	13,437,136
	22,404,736	17,417,494
	<u>\$109,710,757</u>	<u>101,356,444</u>

## auditors' report to the shareholders

We have examined the consolidated balance sheet of Allarco Developments Ltd., and subsidiaries as of December 31, 1976, and the consolidated statements of operations and retained earnings, and changes in financial position for the year then ended. Our examination of the financial statements of Allarco Developments Ltd. and those subsidiaries of which we are the auditors, was made in accordance with generally accepted auditing standards and

accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of North West Trust Company.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of the company and subsidiaries as of December 31, 1976 and the results of their operations and the changes in their financial position

for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Peat, Marwick, Mitchell & Co.*

Peat, Marwick, Mitchell & Co.  
Chartered Accountants

Edmonton, Canada  
March 16, 1977



# consolidated statement of changes in financial position

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES For the year ended December 31, 1976

## SOURCE OF CASH:

	1976	1975
Net profit	\$ 4,955,992	3,306,927
Add (deduct) items not requiring a cash outlay:		
Depreciation and amortization	1,921,715	1,697,069
Income taxes deferred	1,299,849	788,981
Minority interest	51,073	(1,074)
Equity in earnings of unconsolidated subsidiaries	[2,589,309]	(2,113,339)
Gain on disposal of fixed assets and investments	[819,645]	(210,526)
Cost of land sold	675,025	1,571,593
Deferred revenue (earned)	190,898	(905,430)
Other	211,200	-
	<u>5,896,798</u>	<u>4,134,201</u>
Disposal of fixed assets	6,670,606	2,561,798
Issue of mortgages and notes payable	4,620,944	11,302,516
Increase in bank advances	4,304,576	4,036,064
Increase (decrease) in accounts payable	1,131,602	(2,147,603)
Decrease (increase) of other assets	83,596	(135,058)
Issue of capital stock	31,250	2,200
	<u>22,739,372</u>	<u>19,754,118</u>

## APPLICATION OF CASH:

Payments on mortgages and notes payable	9,352,506	7,301,976
Investments in and advances to affiliates	3,934,059	1,959,470
Additions to fixed assets	3,852,526	7,357,328
Land purchased and expenses capitalized	2,619,804	4,543,023
Increase (decrease) in loans, agreements and accounts receivable	1,658,614	(794,889)
Increase (decrease) in inventories and prepaids	508,265	(794,548)
Debentures redeemed	24,000	319,000
	<u>21,949,744</u>	<u>19,891,360</u>

Increase (decrease) in cash	<u>\$ 789,598</u>	<u>(137,242)</u>
-----------------------------	-------------------	------------------

See accompanying notes.



# consolidated statement of operations and retained earnings

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES For the year ended December 31, 1976

	1976	1975
Sales and revenues (note 14)	✓ \$ 77,357,339	✓ 62,592,804
Cost of sales and operating expenses	71,667,996	58,230,684
Divisional profits (note 14)	5,689,343	4,362,120
Head office expense	556,409	622,628
Debenture interest	313,259	321,771
	869,668	944,399
Net profit before the undernoted	4,819,675	3,417,721
Depreciation and amortization	1,921,715	1,697,069
Income taxes - deferred	1,299,849	810,102
Minority interest	51,073	(1,074)
	3,272,637	2,506,097
	1,547,038	911,624
Equity in earnings of unconsolidated subsidiaries (note 4)	2,589,309	2,113,339
Operating profits	✓ 4,136,347	✓ 3,024,963
Gain on disposal of fixed assets and investments (including provision for income taxes \$211,973, 1975 recovery \$21,121)	X 819,645	X 281,964
Net profit for the year	X 4,955,992	X 3,306,927
Retained earnings beginning of year	13,437,136	10,130,209
Retained earnings end of year	\$ 18,393,128	13,437,136
Operating profit per share - basic	✓ \$2.99	✓ \$2.19
Net profit per share - basic	X \$3.58	X \$2.39
- fully diluted	\$3.03	\$2.04

See accompanying notes.



# notes to consolidated financial statements

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES For the year ended December 31, 1976

## 1. SIGNIFICANT ACCOUNTING POLICIES:

- (a) The consolidated financial statements include the accounts of all subsidiary companies except those of Allarco Financial Corporation Ltd. which because of the fiduciary nature of the asset has been included using the equity method of accounting. Certain affiliated companies have been included using the equity method of accounting. All significant intercompany transactions have been eliminated.
- (b) Land for development is stated at original purchase price plus carrying charges, which include interest and real estate taxes pertaining to specific properties. Gains or losses are generally recorded in the accounts in the year of disposal, except for those cases when a significant portion of the proceeds has not been received. Under such circumstances, a reasonable portion of the gain is deferred and recorded as income when the proceeds are received.
- (c) The Companies' depreciation policy is:  
Buildings - 5% - 50 year sinking fund method  
Automotive equipment - 20% to 30% straight-line method  
Aircraft - 8 1/3 % straight-line method  
Office, television and shop equipment - 7 1/2 % straight-line method
- (d) Goodwill is being amortized at the rate of 5% of cost per annum on a straightline basis.
- (e) The companies follow the tax allocation method of providing for income taxes. Under this method timing differences between reported and taxable income (which occur when revenues and expenses recognized in the accounts in one year are taxed or claimed for tax purposes in another year) result in deferred taxes. In the case of three subsidiaries, future tax recoveries have been recognized in the accounts in loss years because, in the opinion of management, it is virtually certain that future earnings will be sufficient to realize them.

## 2. LOANS AND AGREEMENTS RECEIVABLE:

Included in loans and agreements receivable are amounts due from directors and officers of \$93,360 (1975 - \$142,500). Included is one non-interest bearing note for \$44,000 due in 1977 which represents the amount due in payment of 8,000 common shares acquired in 1972 from the treasury of the company. Also included is a non-interest bearing agreement for sale in the amount of \$7,445,630 which arose in 1974 from a sale of land. The amount is receivable in annual payments over a maximum period of seven years, and may be accelerated at the buyer's option (see note 11.)

## 3. LAND FOR DEVELOPMENT:

	1976	1975
Opening balance	\$ 9,404,073	6,114,521
Acquisitions	1,992,644	3,943,519
Transfer from fixed assets	-	106,570
Carrying costs and local improvements	912,522	599,504
	<u>12,309,239</u>	<u>10,764,114</u>
Less: Cost of land		
- sold for cash	675,025	1,278,114
-sold on installments (Note 2 )	217,433	-
- transferred to fixed assets	-	81,927
	<u>\$11,416,781</u>	<u>9,404,073</u>

## 4. INVESTMENTS:

	1976	1975
Shares, on equity basis:		
Unconsolidated subsidiary:		
Allarco Financial Corporation Ltd.	\$ 6,498,982	4,570,356
Affiliated companies:		
Alberta Gas Chemicals Ltd.	2,524,017	1,893,331
Travelers Acceptance Corporation Ltd. (Alberta)	154,763	124,766
Joint ventures, at cost	273,612	-
Other, at cost	57,656	83,229
	<u>9,509,030</u>	<u>6,671,682</u>
Advances:		
Unconsolidated subsidiary	1,066,931	251,930
Affiliated companies	3,050,317	2,866,986
Joint ventures	9,069,874	6,384,198
	<u>13,187,122</u>	<u>9,503,114</u>
	<u>\$22,696,152</u>	<u>16,174,796</u>

The assets of Allarco Financial Corporation Ltd. at December 31, 1976 are:

	Number of Shares	Percentage of Ownership
North West Trust Company:		
Common shares	283,423	92.0%
First preferred participating shares	47,935	23.2%
(Combined share of equity in earnings is 64.3%)		
Seaboard Life Insurance Company:		
Common shares	353,896	65.6%
People's Management Ltd.:		
Common shares	1,000	100.0%

The Company controls 500,000 common shares of Alberta Gas Chemicals Ltd. representing 50 % ownership but has taken up only 40% of the current earnings which makes provision for the future transfer to a Founding Director of 10% of the outstanding shares of Alberta Gas Chemicals Ltd.



The company owns 100,000 common shares of Travelers Acceptance Corporation Ltd. (Alberta) representing 50% ownership. The equity in earnings of the unconsolidated subsidiary and the affiliated companies are:

	1976	1975
Allarco Financial Corporation Ltd.	<b>\$1,928,626</b>	1,051,242
Alberta Gas Chemicals Ltd.	<b>630,686</b>	1,037,331
Travelers Acceptance Corporation Ltd. (Alberta)	<b>29,997</b>	24,766
	<b><u>\$2,589,309</u></b>	<b><u>2,113,339</u></b>

5. FIXED ASSETS:

Property, plant and equipment at cost less accumulated depreciation:

	1976	1975
Automotive	<b>\$5,872,492</b>	5,345,359
Hotel and restaurants	<b>5,966,388</b>	6,248,454
Real estate	<b>19,311,109</b>	22,683,525
Aviation (including aircraft)	<b>2,815,018</b>	3,666,784
Television	<b>6,025,770</b>	6,871,609
Other	<b>2,215,795</b>	2,260,867
	<b><u>\$42,206,572</u></b>	<b><u>47,076,598</u></b>

Accumulated depreciation totalled \$6,431,036 at December 31, 1976; \$5,631,781 at December 31, 1975.

Four buildings with a total cost of \$4,446,770 are located on land held under long-term leases, each of which has an unexpired term of at least 43 years. The lease obligations on these properties for each of the next five years amount to approximately \$83,000.

6. GOODWILL AND DEFERRED EXPENSE, AT COST LESS AMORTIZATION:

	1976	1975
Goodwill on acquisition of subsidiaries	<b>\$718,938</b>	645,542
Deferred expenses	<b>227,994</b>	447,509
	<b><u>\$946,932</u></b>	<b><u>1,093,051</u></b>

During the year ended December 31, 1976 goodwill of \$35,350 (1975 - \$35,350) was amortized and included in depreciation and amortization.

7. BANK ADVANCES:

Bank advances are secured by a general assignment of book debts, and a fixed and floating charge debenture payable on demand.

8. 7% CONVERTIBLE DEBENTURES

Pursuant to the Trust Indenture, dated May 2, 1969, the company covenanted to establish a sinking fund for the retirement of these Series A Debentures by payments of \$175,000 each year from 1974 to 1987 inclusive with the balance of \$2,550,000 payable at maturity. The Debentures are dated June 1, 1969 and will mature June 1, 1989; they are secured by a first floating charge on all of the company's

assets. Each \$1,000 Debenture is convertible at the holder's option, until maturity, into 65 fully paid non-assessable common shares of no par value. At December 31, 1976 the company holds \$13,000 of such debentures in anticipation of future sinking fund requirements.

9. MORTGAGES AND OTHER OBLIGATIONS:

Mortgages and other secured obligations, which includes secured amounts owing to the unconsolidated subsidiary of 581,221 (1975 - \$937,225) carry an average interest of 9.07% and mature between 1977 and 2002.

Principal payments due in the next five years are:

1977	\$3,545,759	1978	\$4,703,063	1979	\$4,519,336
1980	\$4,482,048	1981	\$1,526,089		

10. INCOME TAXES:

The company has been reassessed in the amount of \$1,600,000 in connection with prior years' income tax returns, principally with respect to gains arising from the disposition of certain investment properties and to losses on loans. The company intends to resist these assessments. Based upon the facts known to the company and its legal counsel, it is the opinion of counsel that the company has a reasonable likelihood of succeeding against these reassessments.

11. DEFERRED REVENUE:

Deferred revenue principally consists of \$7,103,901 which arose in 1974 and 1976 from sales of land whereby title to the land will be transferred pro rata as payments are received. The maximum period over which payments will be received is seven years, but this may be accelerated at the buyer's option.

12. CAPITAL STOCK:

The authorized capital is 3,500,000 common shares without nominal or par value issuable for a maximum consideration not to exceed \$10,000,000. The issued and fully paid common shares are as follows:

	1976		1975	
	Number of Shares	Value Received	Number of Shares	Value Received
Opening balance	<b>1,380,988</b>	<b>\$3,980,358</b>	1,380,588	\$3,978,158
Shares issued:				
- for cash	<b>5,500</b>	<b>30,250</b>	400	2,200
- by conversion of debenture	<b>65</b>	<b>1,000</b>	-	-
	<b><u>1,386,553</u></b>	<b><u>\$4,011,608</u></b>	<b><u>1,380,988</u></b>	<b><u>\$3,980,358</u></b>

The company has granted options to purchase shares, which expire at varying dates up to April 6, 1978 to directors (15,400) and to employees (4,500); 14,900 shares at \$5.50 per share and 5,000 shares at \$7.37 per share. The company has reserved 289,965 shares for conversion of debentures.



# notes to consolidated financial statements cont'd.

## 13. REMUNERATION TO DIRECTORS AND SENIOR OFFICERS:

	1976	1975
Paid by Allarco Developments Ltd.	\$236,960	235,296
Paid by subsidiary	135,000	115,000
	<u>\$371,960</u>	<u>350,296</u>

## 14. SALES AND DIVISIONAL PROFITS (IN THOUSANDS OF DOLLARS):

	1976		1975	
	Sales	Divisional Profit	Sales	Divisional Profit
Automotive	\$30,458	163	29,665	649
Restaurants	11,672	1,650	9,621	1,121
Real estate	7,937	3,115	8,612	3,429
Television	7,199	[105]	4,573	(1,129)
Construction	14,396	447	4,387	51
Other	5,695	419	5,735	241
	<u>\$77,357</u>	<u>5,689</u>	<u>62,593</u>	<u>4,362</u>

Interest on long-term debt included in cost of sales in the statement of operations amounted to \$5,214,987 (1975 - \$4,542,188).

## 15. COMMITMENTS AND CONTINGENCIES:

At December 31, 1976, the company is contingently liable as an endorser of customer's secured notes arising from retail sales in the automotive division for the amount of \$2,218,000 and as a guarantor of loans and a mortgage payable of \$2,700,000. The company and other shareholder of Alberta Gas Chemicals Ltd. have jointly and severally guaranteed \$11,880,000 of that company's borrowings.

The company has entered into five joint venture agreements to develop land and is contingently liable on mortgages for a total of \$4,899,619 over a period of years. Any payments which might be necessary would improve the company's secured position in regard to the land. There is an unfunded liability of approximately \$233,000 relating to past service benefits, and this amount is being paid, and charged to earnings, at an annual rate of \$26,000 over the next 14 years.

## 16. ANTI-INFLATION:

The company and its subsidiaries are subject to the federal Anti-Inflation Act and Regulations, and in certain cases to provincial rent control regulations. As a result, the companies' ability to increase prices, profit margins and compensation, and to pay dividends is restricted.



---

DIRECTORS

Dr. Charles A. Allard - M.D.  
F.R.C.S. (C)  
J. Cameron Allard  
Morris Klimove  
J.J. LoPorto  
J.R. Otteson - C.A.

EXECUTIVE OFFICERS

Charles A. Allard - President &  
Chairman of the Board

C.R. Allard - Secretary

J. Cameron Allard - Executive  
Vice-President

Morris Klimove - Vice-President  
-Restaurants

Arthur R. Smith - Vice-President-  
Corporate Affairs

J.R. Otteson -  
Treasurer/Comptroller

AUDITORS

Peat, Marwick, Mitchell & Co.

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange

REGISTRARS

AND TRANSFER AGENTS  
North West Trust Company  
Montreal Trust Company

TRUSTEES FOR DEBENTURES

Montreal Trust Company

EXECUTIVE OFFICES

11456 Jasper Avenue Edmonton -  
Canada T5K 0M1



